

HOUSE BILL NO. 463

INTRODUCED BY J. FRENCH

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CREDITABLE SERVICE UNDER THE TEACHERS' RETIREMENT SYSTEM FOR ACTIVE MILITARY SERVICE; PROVIDING THAT A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM MAY RECEIVE CREDITABLE SERVICE WITHOUT COST FOR THE MEMBER'S ACTIVE DUTY MILITARY SERVICE DURING CERTAIN RECENT AND CURRENT MILITARY OPERATIONS; INCREASING EMPLOYER CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM; AMENDING SECTIONS 19-20-404, 19-20-405, AND 19-20-605, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 19-20-404, MCA, is amended to read:

"19-20-404. Creditable service for active service in military, red cross, or merchant marine. (1) A vested member may receive up to 4 years of creditable service without cost for:

(a) active service in the armed forces of the United States, which includes the army, navy, marine corps, air force, and coast guard, during the Korean war between June 1, 1950, and January 31, 1955, and the Vietnam conflict between December 22, 1961, and May 7, 1975, dates inclusive, if the member has 5 years or more of creditable service in the retirement system; and

(b) active service in the armed forces of the United States, which includes the army, navy, marine corps, air force, national guard, and coast guard, during:

(i) the Persian Gulf war from August 2, 1990, through February 28, 1991;

(ii) operation Iraqi freedom from March 20, 2003, through a date to be determined by the board as the end of the operation; and

(iii) operation enduring freedom in Afghanistan from October 7, 2001, through a date to be determined by the board as the end of the operation.

(2) (a) To receive credit for this service, a member shall submit to the board a written application and proper certification of the member's military service.

(b) If a member has previously purchased creditable service that the member is entitled to receive

1 without cost under subsection (1), the member is entitled to a refund of the contributions paid to purchase the
2 service.

3 ~~(2)~~(3) If a member is ineligible for service credit under subsection (1)(a), the member may apply under
4 the provisions of this subsection for creditable service in the retirement system for active service in the armed
5 forces of the United States, which includes the army, navy, marine corps, air force, and coast guard, or in the
6 American red cross or merchant marine. The person must be awarded creditable service, conditional upon the
7 person's completing 5 years of active membership in Montana, for the number of years, not exceeding 2, that the
8 retirement board determines to be creditable service, if the person contributes to the retirement system an amount
9 equal to the combined employer and employee contributions for the person's first full year's teaching salary
10 earned in Montana following the active service in the armed forces of the United States, the American red cross,
11 or the merchant marine for each year of creditable service plus interest at the rate the contribution would have
12 earned had the contribution been in the person's account upon completion of 5 years of membership service in
13 Montana. The contribution rate is that rate in effect at the time the person is eligible for the service.

14 ~~(3)~~(4) The contribution required under subsection ~~(2)~~ (3) may be made in a lump-sum payment or in
15 installments as agreed between the person and the retirement board.

16 (5) The provisions of 19-20-405 apply to service credited under this section."
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18 **Section 2.** Section 19-20-405, MCA, is amended to read:

19 **"19-20-405. Limit on creditable service that may be awarded.** The total creditable service for service
20 purchased or credited under 19-20-402 through 19-20-404, 19-20-408, and 19-20-410(1) may not exceed 5
21 years."
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23 **Section 3.** Section 19-20-605, MCA, is amended to read:

24 **"19-20-605. Pension accumulation account -- employer's contribution.** (1) The pension
25 accumulation account is the account in which the reserves for payment of retirement allowances and benefits
26 must be accumulated and from which retirement allowances and benefits must be paid to retirees or their
27 beneficiaries. Contributions to and payments from the pension accumulation account must be made as provided
28 in this section.

29 (2) Except as provided in subsection (3), for each member employed during the whole or part of the
30 preceding payroll period, the employer shall pay into the pension accumulation account an amount equal to:

1 (a) beginning July 1, 2007, through June 30, 2009, 9.47% of total earned compensation; and

2 (b) beginning July 1, 2009, ~~9.85%~~ 9.91% of total earned compensation.

3 (3) For each member employed by a school district or a community college during the whole or part of
4 the preceding payroll period, the employer shall pay into the pension accumulation account an amount equal to
5 ~~7.47%~~ 7.53% of total earned compensation.

6 (4) If the employer is a district or community college district, the trustees shall budget and pay for the
7 employer's contribution under the provisions of 20-9-501.

8 (5) If the employer is the superintendent of public instruction, a public institution of the state of Montana,
9 a unit of the Montana university system, or the Montana state school for the deaf and blind, the legislature shall
10 appropriate to the employer an adequate amount to allow the payment of the employer's contribution.

11 (6) If the employer is a county, the county commissioners shall budget and pay for the employer's
12 contribution in the manner provided by law for the adoption of a county budget and for payments under the
13 budget.

14 (7) All interest and other earnings realized on the money of the retirement system must be credited to
15 the pension accumulation account, and the amount required to allow regular interest on the annuity savings
16 account must be transferred to that account from the pension accumulation account.

17 (8) The board may transfer from the pension accumulation account to the expense account an amount
18 necessary to cover expenses of administration."

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20 NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2009.

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